

COUNTY OF SUSSEX, VIRGINIA

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2004

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF SUSSEX, VIRGINIA

Board of Supervisors

W. J. Collins, Jr., Chairperson
C. Eric Fly
Rufus E. Tyler, Sr.

Charlie E. Caple, Jr.
W. M. Harrell
Alice W. Jones

Department of Social Services

Clifton Owens, Chairperson
Elizabeth J. Bain
Charlie E. Caple, Jr.
Roslyn C. Tyler

Maude K. Johnson
Freddie Stringfield
Patricia J. Collins

County School Board

Waverly L. Burrow, Chairperson
James A. Thorpe, Jr.
Rosa D. Overby

Jarvis A. Springfield
Rose M. Rivers
J. Lafayette Edmond

Other Officials

Judge of the Circuit Court.....	Samuel E. Campbell
Clerk of the Circuit Court.....	Gary M. Williams
Commonwealth's Attorney	Lyndia Person-Ramsey
Commissioner of the Revenue	Ellen G. Boone
Treasurer	Onnie L. Woodruff
Sheriff	E. S. Kitchen, Jr.
Superintendent of Schools.....	Dr. Charles H. Harris, III
Director of Social Services.....	Chequila H. Fields
County Administrator.....	Mary E. Jones
Judge of the General District Court	Gammil G. Poindexter
Judge of the Juvenile and Domestic Relations Court	Charles A. Perkinson, Jr.

THIS PAGE LEFT BLANK INTENTIONALLY

COUNTY OF SUSSEX, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-9
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	10
Exhibit 2 Statement of Activities	11
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	12
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	14
Exhibit 6 Reconciliation of Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities—Governmental Funds	15
Exhibit 7 Statement of Fiduciary Net Assets—Fiduciary Funds	16
Exhibit 8 Statement of Changes in Fiduciary Net Assets	17
Notes to Financial Statements	18-40

COUNTY OF SUSSEX, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

TABLE OF CONTENTS

	<u>Page</u>
<u>Required Supplementary Information:</u>	
Combining and Individual Funds Statements and Schedules:	
Exhibit 9 Statement of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–General Fund	41
<u>Other Supplementary Information:</u>	
Combining and Individual Funds Statements and Schedules:	
Exhibit 10 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - County Capital Projects Fund	42
Exhibit 11 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Non Major Special Revenue Fund	43
Exhibit 12 Combining Statement of Fiduciary Net Assets	44
Discretely Presented Component Unit School Board:	
Exhibit 13 Combining Balance Sheet	45
Exhibit 14 Combining Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds	46
Exhibit 15 Statement of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual - School Operating Fund	47
Exhibit 16 Statement of Revenues, Expenditures, and changes in Fund Balances - Budget and Actual - Non Major Special Revenue Fund	48
<u>Supporting Schedules:</u>	
Schedule 1 Governmental Funds and Discretely Presented Component Unit School Board–Schedule of Revenues–Budget and Actual	49-54
Schedule 2 Governmental Funds and Discretely Presented Component Unit School Board–Schedule of Expenditures–Budget and Actual	55-59

COUNTY OF SUSSEX, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

TABLE OF CONTENTS

	<u>Page</u>
<u>Statistical Tables:</u>	
Table 1 Government-Wide Expenditures by Function—Last Two Fiscal Years	60
Table 2 Government-Wide Revenues—Last Two Fiscal Years	61
Table 3 Governmental Expenditures by Source—Last Ten Fiscal Years	62
Table 4 Governmental Revenues by Function—Last Ten Fiscal Years	63
Table 5 Property Tax Levies and Collections—Last Ten Fiscal Years	64
Table 6 Assessed Valuation of All Taxable Property—Last Ten Fiscal Years	65
Table 7 Property Tax Rates—Last Ten Fiscal Years	66
Table 8 Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	67
<u>Compliance:</u>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	68-69
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	70-71
Schedule of Expenditures of Federal Awards	72-73
Notes to Schedule of Expenditures of Federal Awards	74
Schedule of Findings and Questioned Costs	75

THIS PAGE LEFT BLANK INTENTIONALLY

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditor's Report

To The Honorable Members of the Board of Supervisors
County of Sussex
Sussex, Virginia

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Sussex, Virginia, as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Sussex, Virginia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Sussex, Virginia, as of June 30, 2004, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2004, on our consideration of the County of Sussex, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Sussex, Virginia, basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the County of Sussex, Virginia. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson, Turner, Cox Associates

Richmond, Virginia
December 16, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

**To the Honorable Members of the Board of Supervisors
To the Citizens of Sussex County
County of Sussex, Virginia**

As management of the County of Sussex, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2004. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- ▶ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$25,011,709 (net assets).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources of \$5,291,234 in excess of expenditures and other financing uses (Exhibit 5) after making contributions totaling \$7,281,634 to the School Board.

- ▶ As of the close of the current fiscal year; the County's funds reported ending fund balances of \$14,662,534 an increase of \$5,291,234 in comparison with the prior year.
- ▶ At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,146,156 or 25% of total general fund expenditures and other uses.
- ▶ The combined long-term obligations increased \$7,218,548 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Sussex, Virginia itself (known as the primary government), but also a legally separate school district for which the County of Sussex, Virginia is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Sussex, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Overview of the Financial Statements (Continued)

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County has two major governmental funds – the General Fund and County Capital Projects Fund.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component unit - School Board. The School Board does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$25,011,709 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net Assets:

County of Sussex, Virginia's Net Assets			
		Governmental Activities	
		2004	2003
Current and other assets	\$	15,494,652	\$ 9,739,313
Capital assets		<u>32,703,307</u>	<u>26,341,023</u>
Total assets	\$	<u>48,197,959</u>	\$ <u>36,080,336</u>
Current liabilities	\$	1,568,797	\$ 1,186,825
Long-term liabilities outstanding		<u>21,617,453</u>	<u>14,435,908</u>
Total liabilities	\$	<u>23,186,250</u>	\$ <u>15,622,733</u>
Net assets:			
Invested in capital assets, net of related debt	\$	10,418,281	\$ 11,204,509
Unrestricted		<u>14,593,428</u>	<u>9,253,094</u>
Total net assets	\$	<u>25,011,709</u>	\$ <u>20,457,603</u>

Government-wide Financial Analysis (Continued)

The County's net assets increased by \$4,554,106 during the current fiscal year. The following table summarizes the County's Statement of Activities

County of Sussex, Virginia's Changes in Net Assets			
	Governmental Activities		
	2004	2003	
Charges for services	\$ 8,710,395	\$ 4,718,456	
Operating grants and contributions	4,113,501	3,760,356	
Capital grants and contributions	-	418,556	
General property taxes	6,051,751	5,489,030	
Other local taxes	966,414	958,067	
Grants and other contributions not restricted	1,241,805	1,220,991	
Other general revenues	165,435	311,445	
Total revenues	\$ 21,249,301	\$ 16,876,901	
General government administration	\$ 1,361,340	\$ 1,198,442	
Judicial administration	507,145	519,786	
Public safety	3,664,144	3,152,554	
Public works	1,820,962	653,973	
Health and welfare	2,204,236	2,344,701	
Education	5,649,819	8,810,392	
Parks, recreation, and cultural	144,742	96,315	
Community development	950,838	376,762	
Interest and other fiscal charges	392,059	389,946	
Total expenses	\$ 16,695,285	\$ 17,542,871	
Change in net assets	\$ 4,554,016	\$ (665,970)	
Net assets, beginning of year	20,457,603	21,123,573	
Net assets, end of year	\$ 25,011,619	\$ 20,457,603	

Financial Analysis of the County's Funds

As noted earlier, the County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$14,662,534 an increase of \$5,291,234 in comparison with the prior year. Approximately 35% of this total amount constitutes unreserved General Fund balance, which is available for spending at the County's discretion.

The County Capital Projects Fund accounts for all major general public improvements. At the end of the fiscal year, the fund balance was \$9,045,960, all of which was designated for current or future capital projects.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were increases of \$1,238,485 and can be briefly summarized as follows:

- ▶ \$149,259 increase in public safety
- ▶ \$198,461 increase in general government administration
- ▶ \$149,586 increase in public works
- ▶ \$140,796 increase in health and welfare
- ▶ \$289,599 increase in community development
- ▶ \$295,994 increase in education
- ▶ \$6,695 increase in judicial administration
- ▶ \$8,095 increase in parks and recreation

The increase in budgeted General Fund expenditures resulted in an increase in the budgeted beginning General Fund balance. During the year, revenues and other sources exceeded budgetary estimates by \$3,135,412. Expenditures and other uses were less than budgetary estimates by \$1,217,271, thus eliminating the budgeted need to draw upon existing fund balance resulting in a positive variance of \$4,352,683.

Capital Asset and Debt Administration

- ▶ **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2004 amounts to \$32,703,307 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term debt - At the end of the current fiscal year, the County had total bonded debt outstanding of \$20,108,661. Of this amount, \$13,048,661 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds, limited obligation notes).

The County's total debt decreased by \$6,083,588 during the current fiscal year.

Additional information on the County of Sussex, Virginia's long-term debt can be found in notes of this report.

Economic Factors and Next Year's Budgets and Rates

- ▶ The unemployment rate for the County tends to be higher than both the state's average unemployment rate of 3.2 percent and the national average rate of 5.5 percent.
- ▶ Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2005 fiscal year.

The fiscal year 2004 budget increased by approximately 47%, primarily due to increases in capital projects, and the property tax rates remained the same as the prior year.

Requests for Information

This financial report is designed to provide a general overview of the County of Sussex, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 1397, Sussex, Virginia 23884.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

**GOVERNEMENT WIDE
FINANCIAL STATEMENTS**

THIS PAGE LEFT BLANK INTENTIONALLY

County of Sussex, Virginia
Statement of Net Assets
June 30, 2004

	Primary Government		Component Unit
	Governmental		
	Activities	Total	School Board
ASSETS			
Cash and cash equivalents	\$ 13,018,776	\$ 13,018,776	\$ 823,717
Cash in custody of others	498,433	498,433	-
Receivables (net of allowance for uncollectibles):			
Taxes receivable	370,336	370,336	-
Accounts receivable	884,041	884,041	-
Due from other governmental units	723,066	723,066	282,984
Capital assets (net of accumulated depreciation):			
Land	6,217,361	6,217,361	111,236
Buildings and system	24,060,877	24,060,877	3,540,226
Machinery and equipment	2,425,069	2,425,069	849,925
Total assets	<u>\$ 48,197,959</u>	<u>\$ 48,197,959</u>	<u>\$ 5,608,088</u>
LIABILITIES			
Accounts payable	\$ 495,022	\$ 495,022	\$ 36,513
Accrued liabilities	-	-	729,929
Accrued interest payable	153,463	153,463	-
Due from other governmental units	-	-	263,277
Deferred revenue	5,598	5,598	-
Long-term liabilities:			
Due within one year	914,714	914,714	67,704
Due in more than one year	21,617,453	21,617,453	1,573,983
Total liabilities	<u>\$ 23,186,250</u>	<u>\$ 23,186,250</u>	<u>\$ 2,671,406</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 10,418,281	\$ 10,418,281	\$ 3,266,995
Unrestricted (deficit)	14,593,428	14,593,428	(330,313)
Total net assets	<u>\$ 25,011,709</u>	<u>\$ 25,011,709</u>	<u>\$ 2,936,682</u>
 Total Liabilities and Net Assets	 <u>\$ 48,197,959</u>	 <u>\$ 48,197,959</u>	 <u>\$ 5,608,088</u>

The notes to the financial statements are an integral part of this statement.

THIS PAGE LEFT BLANK INTENTIONALLY

County of Sussex, Virginia
Statement of Activities
For the Year Ended June 30, 2004

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Component Unit</u>		
				<u>Primary Governmental Activities</u>	<u>Total</u>	<u>School Board</u>
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 1,361,340	\$ -	176,355	\$ (1,184,985)	\$ (1,184,985)	\$ -
Judicial administration	507,145	540,777	192,410	226,042	226,042	-
Public safety	3,664,144	77,723	1,921,941	(1,664,480)	(1,664,480)	-
Public works	1,820,962	8,066,895	-	6,245,933	6,245,933	-
Health and welfare	2,204,236	-	1,427,116	(777,120)	(777,120)	-
Education	5,649,819	-	24,198	(5,625,621)	(5,625,621)	-
Parks, recreation, and cultural	144,742	-	5,000	(139,742)	(139,742)	-
Community development	950,838	25,000	366,481	(559,357)	(559,357)	-
Interest on long-term debt	392,059	-	-	(392,059)	(392,059)	-
Total government activities	\$ 16,695,285	\$ 8,710,395	\$ 4,113,501	\$ (3,871,389)	\$ (3,871,389)	\$ -
Total primary government	\$ 16,695,285	\$ 8,710,395	\$ 4,113,501	\$ (3,871,389)	\$ (3,871,389)	\$ -
COMPONENT UNITS:						
School Board	\$ 15,057,067	\$ 304,586	\$ 12,970,824	\$ -	\$ -	\$ (1,781,657)
Total component units	\$ 15,057,067	\$ 304,586	\$ 12,970,824	\$ -	\$ -	\$ (1,781,657)
General revenues:						
General property taxes				\$ 6,051,751	\$ 6,051,751	\$ -
Other local taxes				966,414	966,414	-
Unrestricted revenues from use of money and property				121,546	121,546	5,377
Miscellaneous				43,979	43,979	177,022
Grants and contributions not restricted to specific programs				1,241,805	1,241,805	-
Total general revenues				\$ 8,425,495	\$ 8,425,495	\$ 182,399
Change in net assets				\$ 4,554,106	\$ 4,554,106	\$ (1,599,258)
Net assets - beginning				20,457,603	20,457,603	4,535,940
Net assets - ending				\$ 25,011,709	\$ 25,011,709	\$ 2,936,682

The notes to the financial statements are an integral part of this statement.

THIS PAGE LEFT BLANK INTENTIONALLY

FUND FINANCIAL STATEMENTS

THIS PAGE LEFT BLANK INTENTIONALLY

County of Sussex, Virginia
Balance Sheet
Governmental Funds
June 30, 2004

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 3,621,248	\$ 8,933,911	\$ 463,617	\$ 13,018,776
Cash in custody of others	-	498,433	-	498,433
Receivables (net of allowance for uncollectibles):				
Taxes receivable	370,336	-	-	370,336
Accounts receivable	870,411	3,186	10,444	884,041
Due from other governmental units	723,066	-	-	723,066
Total assets	<u>\$ 5,585,061</u>	<u>\$ 9,435,530</u>	<u>\$ 474,061</u>	<u>\$ 15,494,652</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 101,809	\$ 389,570	\$ 3,643	\$ 495,022
Deferred revenue	337,096	-	-	337,096
Total liabilities	<u>\$ 438,905</u>	<u>\$ 389,570</u>	<u>\$ 3,643</u>	<u>\$ 832,118</u>
Fund balances:				
Unreserved, reported in:				
General fund	\$ 5,146,156	\$ -	\$ -	\$ 5,146,156
Special revenue funds	-	-	470,418	470,418
Capital projects funds	-	9,045,960	-	9,045,960
Total fund balances	<u>\$ 5,146,156</u>	<u>\$ 9,045,960</u>	<u>\$ 470,418</u>	<u>\$ 14,662,534</u>
Total liabilities and fund balances	<u>\$ 5,585,061</u>	<u>\$ 9,435,530</u>	<u>\$ 474,061</u>	<u>\$ 15,494,652</u>

The notes to the financial statements are an integral part of this statement.

County of Sussex, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2004

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 14,662,534
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	32,703,307
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	331,498
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(22,685,630)
Net assets of governmental activities	<u>\$ 25,011,709</u>

The notes to the financial statements are an integral part of this statement.

County of Sussex, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

	<u>General</u>	<u>County Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 5,951,838	\$ -	\$ -	\$ 5,951,838
Other local taxes	837,287	-	129,127	966,414
Permits, privilege fees, and regulatory licenses	53,016	-	-	53,016
Fines and forfeitures	411,681	-	-	411,681
Revenue from the use of money and property	77,212	40,416	3,918	121,546
Charges for services	8,210,133	34,360	1,205	8,245,698
Miscellaneous	43,430	-	549	43,979
Recovered costs	252,281	-	-	252,281
Intergovernmental revenues:				
Commonwealth	3,956,997	-	85,335	4,042,332
Federal	1,312,974	-	-	1,312,974
Total revenues	<u>\$ 21,106,849</u>	<u>\$ 74,776</u>	<u>\$ 220,134</u>	<u>\$ 21,401,759</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,315,792	\$ -	\$ -	\$ 1,315,792
Judicial administration	428,895	-	1,950	430,845
Public safety	3,184,483	-	274,310	3,458,793
Public works	728,143	-	-	728,143
Health and welfare	2,168,683	-	-	2,168,683
Education	7,351,523	-	-	7,351,523
Parks, recreation, and cultural	132,779	-	-	132,779
Community development	959,892	-	-	959,892
Capital projects	-	5,236,382	-	5,236,382
Debt service:				
Principal retirement	-	860,000	-	860,000
Interest and other fiscal charges	-	411,281	-	411,281
Total expenditures	<u>\$ 16,270,190</u>	<u>\$ 6,507,663</u>	<u>\$ 276,260</u>	<u>\$ 23,054,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,836,659</u>	<u>\$ (6,432,887)</u>	<u>\$ (56,126)</u>	<u>\$ (1,652,354)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 4,489,567	\$ -	\$ 4,489,567
Transfers out	(4,489,567)	-	-	(4,489,567)
Proceeds of literary loans	-	943,588	-	943,588
Proceeds of limited obligation notes	-	6,000,000	-	6,000,000
Total other financing sources (uses)	<u>\$ (4,489,567)</u>	<u>\$ 11,433,155</u>	<u>\$ -</u>	<u>\$ 6,943,588</u>
Net change in fund balances	\$ 347,092	\$ 5,000,268	\$ (56,126)	\$ 5,291,234
Fund balances - beginning	4,799,064	4,045,692	526,544	9,371,300
Fund balances - ending	<u>\$ 5,146,156</u>	<u>\$ 9,045,960</u>	<u>\$ 470,418</u>	<u>\$ 14,662,534</u>

The notes to the financial statements are an integral part of this statement.

County of Sussex, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 5,291,234
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.	6,362,284
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	99,913
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(7,148,512)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	(50,813)
Change in net assets of governmental activities	<u>\$ 4,554,106</u>

The notes to the financial statements are an integral part of this statement.

County of Sussex, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	<u>Private-Purpose</u> <u>Trusts</u>	<u>Agency</u> <u>Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 56,760	\$ 9,064	\$ 65,824
Total assets	<u>56,760</u>	<u>\$ 9,064</u>	<u>\$ 65,824</u>
LIABILITIES			
Amounts held for social services clients	\$ -	\$ 6,273	\$ 6,273
Amounts held for others	-	1,493	1,493
Amounts held for inmates	-	1,298	1,298
Total liabilities	<u>-</u>	<u>\$ 9,064</u>	<u>\$ 9,064</u>
NET ASSETS			
Held in trust for scholarships	\$ 56,760	\$ -	\$ 56,760
Total net assets	<u>\$ 56,760</u>	<u>\$ -</u>	<u>\$ 56,760</u>
Total liabilities and net assets	<u>\$ 56,760</u>	<u>\$ 9,064</u>	<u>\$ 65,824</u>

The notes to the financial statements are an integral part of this statement.

County of Sussex, Virginia
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2004

	Private PurposeTrust Funds
ADDITIONS	
Investment earnings (losses)	\$ 590
Private donations	1,225
Total additions	<u>\$ 1,815</u>
DEDUCTIONS	
Scholarships	\$ 1,000
Total deductions	<u>\$ 1,000</u>
Change in net assets	815
Net assets - beginning	\$ 55,945
Net assets - ending	<u><u>\$ 56,760</u></u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements As of June 30, 2004

Note 1—Summary of Significant Accounting Policies:

The County of Sussex, Virginia (the "County") is governed by an elected six member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and fire protection; sanitation services; recreational activities, cultural events, education, and social services.

The financial statements of the County of Sussex, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Financial Statement Presentation

In June 1999, GASB issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. This statement, known as the "Reporting Model" statement, affects the way the County prepares and presents financial information.

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

Statement of Net Assets - The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component unit. Governments will report all capital assets in the government-wide Statement of Net Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities - The new government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many government's revise their original budgets over the course of the year for a variety of reasons. Under the new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Sussex (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units at June 30, 2004.

Discretely Presented Component Units. The School Board members are elected by the citizens of Sussex County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2004.

C. Other Related Organizations

Included in the County's Financial Report

None

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The County applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

The government-wide statement of activities reflect both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting of primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time other specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the General Fund as a major governmental fund.

The General Fund is the primary operating fund of the County. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for government-wide reporting purposes.

Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities.

The County reports the following non-major governmental funds:

Special Revenue Funds: Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Funds - (Trust and Agency Funds) - account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds and Private Purpose Trust Funds. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investments for the government, as well as for its component unit are reported at fair value.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

F. Investments

Investments are stated at fair value which approximates market; no investments are value at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

G. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$121,534 at June 30, 2004 is composed solely of property taxes.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

Assets	Years
Building improvements	40
Furniture, Vehicles, and Office Equipment	5-20
Buses	10

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Assets. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service cost over a 30-year period. The County’s policy is to fund pension cost as it accrues.

K. Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligation are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Note 2—Stewardship, Compliance, and Accounting:

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 2—Stewardship, Compliance, and Accounting: (Continued)

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2004.

Note 3—Cash and Cash Equivalents:

The County and Component Unit School Board cash and cash equivalents consist of pooled cash and investments.

Primary Government and Component Unit School Board:

Deposits - All cash of the primary government and its discretely presented component unit is maintained in accounts collateralized in accordance with the Virginia Security of Public Deposits Act, Section 2.2-4400 et seq. Of the Code of Virginia (a multiple financial institutions collateral pool) or covered by federal depository insurance. Under the act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

Investments - Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), Asian Development Bank and the African Development Bank, commercial paper rate A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The County's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its safekeeping agent in the County's name. Category 2 includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department or safekeeping agency in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by the counterparty's trust department (if a bank) or safekeeping agent but not in the County's name.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 3—Cash and Cash Equivalents: (Continued)

Primary Government and Component Unit School Board (continued):

	Category			Carrying Value	Fair Value
	1	2	3		
Investments:					
None	\$ -	\$ -	\$ -	\$ -	\$ -
Total	<u>-</u>	<u>-</u>	<u>-</u>	-	<u>-</u>
Investments not subject to categorization:					
United States Government Money Market Funds				\$ 6,258,923	
Local Government Investment Pool				4,934,364	
Deposits				3,212,551	
Total Deposits and Investments				\$ 14,405,838	
Cash and petty cash				1,535	
Total Cash and Cash Equivalents				<u>\$ 14,407,373</u>	

The following is a summary of cash and cash equivalents per fund financial statements:

Governmental funds - Cash and cash equivalents	\$ 13,018,776
Governmental funds - Cash in the custody of others	498,433
Fiduciary funds - Cash and cash equivalents	65,824
Treasurer's deferred account	623
Discretely presented component unit School Board:	
Cash and cash equivalents	<u>823,717</u>
Total	<u>\$ 14,407,373</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 4—Due to/from Other Governments:

At June 30, 2004, the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Other Local Governments:		
Sussex County School Board	\$ 263,277	\$ -
Commonwealth of Virginia:		
Local sales tax	71,398	-
Welfare	16,770	-
Rolling stock tax	66,988	-
Fringe benefits	-	23,664
State Sales Tax	-	160,123
Constitutional officer reimbursements	127,761	-
Recordation tax	2,634	-
Clerk's excess fees	9,993	-
Mobile home titling tax	3,223	-
Auto rental tax	76	-
Comprehensive services	91,416	-
Federal Government:		
School fund grants	-	99,197
Welfare	69,530	-
Total due from other governments	\$ <u>723,066</u>	\$ <u>282,984</u>

At June 30, 2004, amounts due to other local governments are as follows:

Other Local Governments:		
County of Sussex	\$ <u>-</u>	\$ <u>263,277</u>

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2004:

Primary Government:	Balance July 1, 2003	Increases	Decreases	Balance June 30, 2004
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 6,217,361	\$ -	\$ -	\$ 6,217,361
Total capital assets not subject to depreciation	\$ 6,217,361	\$ -	\$ -	\$ 6,217,361
Capital assets subject to depreciation:				
Buildings	\$ 6,437,853	\$ 127,969	\$ -	\$ 6,565,822
Equipment	4,329,622	192,899	-	4,522,521
Jointly owned assets	13,356,412	7,173,314	-	20,529,726
Total capital assets being depreciated	\$ 24,123,887	\$ 7,494,182	\$ -	\$ 31,618,069
Less accumulated depreciation for:				
Buildings	\$ (1,406,702)	\$ (146,904)	\$ -	\$ (1,553,606)
Equipment	(1,717,185)	(380,267)	-	(2,097,452)
Jointly owned assets	(876,338)	(604,727)	-	(1,481,065)
Total accumulated depreciation	\$ (4,000,225)	\$ (1,131,898)	\$ -	\$ (5,132,123)
Total capital assets being depreciated, net	\$ 20,123,662	\$ 6,362,284	\$ -	\$ 26,485,946
Governmental capital assets , net	\$ 26,341,023	\$ 6,362,284	\$ -	\$ 32,703,307
Component Unit - School Board:	Balance July 1, 2003	Increases	Decreases	Balance June 30, 2004
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 111,236	\$ -	\$ -	\$ 111,236
Total capital assets not subject to depreciation	\$ 111,236	\$ -	\$ -	\$ 111,236
Capital assets subject to depreciation:				
Equipment	\$ 1,533,763	\$ 443,191	\$ 56,000	\$ 1,920,954
Jointly owned assets	6,021,427	-	2,205,942	3,815,485
Total capital assets being depreciated	\$ 7,555,190	\$ 443,191	\$ 2,261,942	\$ 5,736,439
Less accumulated depreciation for:				
Equipment	\$ (966,633)	\$ (160,396)	\$ (56,000)	\$ (1,071,029)
Jointly owned assets	(395,077)	-	(119,818)	(275,259)
Total accumulated depreciation	\$ (1,361,710)	\$ (160,396)	\$ (175,818)	\$ (1,346,288)
Total capital assets being depreciated, net	\$ 6,193,480	\$ 282,795	\$ 2,086,124	\$ 4,390,151
Governmental capital assets , net	\$ 6,304,716	\$ 282,795	\$ 2,086,124	\$ 4,501,387

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 5—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs/funds as follows:

Governmental activities:

General government	\$	12
Judicial administration		92,056
Public safety		380,069
Public works		5,311
Health and welfare		49,723
Education		<u>604,727</u>
Total Governmental activities	\$	<u>1,131,898</u>
Component Unit School Board	\$	<u>41,118</u>

Note 6—Interfund Transfers:

Interfund transfers for the year ended June 30, 2004, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ -	\$ 4,489,567
County capital projects	<u>4,489,567</u>	<u>-</u>
Total	\$ <u>4,489,567</u>	\$ <u>4,489,567</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 7—Long Term Obligations:

Annual requirements to amortize long-term obligations and related interest are as follows:

	Amounts Payable at July 1, 2003	Increases	Decreases	Amounts Payable at June 30, 2004	Amounts Due Within One Year
Governmental Obligations:					
Incurred by County:					
Compensated absences payable	\$ 177,105	\$ 70,036	\$ -	\$ 247,141	\$ 24,714
Lease revenue bonds	1,545,000	-	485,000	1,060,000	515,000
Landfill post closure care	1,111,441	1,064,924	-	2,176,365	-
Total incurred by County	\$ 2,833,546	\$ 1,134,960	\$ 485,000	\$ 3,483,506	\$ 539,714
Incurred by School Board:					
State Literary Fund Loans	\$ 6,175,073	\$ 943,588	\$ -	\$ 7,118,661	\$ -
General obligation bonds	6,305,000	-	375,000	5,930,000	375,000
Limited obligation note payable	-	6,000,000	-	6,000,000	-
Total incurred by School Board	\$ 12,480,073	\$ 6,943,588	\$ 375,000	\$ 19,048,661	\$ 375,000
Total Governmental Obligations	\$ 15,313,619	\$ 8,078,548	\$ 860,000	\$ 22,532,167	\$ 914,714

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

County Obligations					
Year Ending June 30	Lease Revenue Bond				
	Principal		Interest		
2005	\$	515,000	\$	46,961	
2006		545,000		16,077	
Total	\$	1,060,000	\$	63,038	

School Obligations						
Year Ending June 30	General Obligation Bonds		Limited Obligation Note Payable			
	Principal	Interest	Principal	Interest		
2005	\$	375,000	\$	270,050	\$	118,800
2006		375,000		253,738	\$	69,300
2007		370,000		238,465		-
2008		370,000		223,110		-
2009		370,000		207,524		-
2010		370,000		190,272		-
2011		370,000		172,559		-
2012		370,000		155,770		-
2013		370,000		138,750		-
2014		370,000		121,499		-
2015		370,000		104,016		-
2016		370,000		85,840		-
2017		370,000		66,970		-
2018		370,000		48,100		-
2019		370,000		28,999		-
2020		370,000		9,666		-
Total	\$	5,930,000	\$	2,315,328	\$	188,100

Literary loan amortization will not be set until final drawdown is made.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 7—Long-Term Obligations: (Continued)

Primary Government: (continued)

General Obligations:

Incurred by County:

Lease Revenue Bonds:

\$4,330,000 lease revenue bond issued June 29, 1994 secured by a leasehold interest in the construction of a courthouse facility and jail renovation, due in annual installments through August 1, 2005, interest payable annually at varying rates from 4.3% to 5.90%

\$ 1,060,000

Total Lease Revenue Bonds

\$ 1,060,000

Landfill post closure cost

\$ 2,176,365

Compensated absences (payable from the General Fund)

\$ 247,141

Total incurred by County

\$ 3,483,506

General Obligations:

Incurred by School Board:

General Obligation Bonds:

\$7,430,000 VPSA bond issued April 26, 1999 in annual installments, interest payable semi-annually at coupon rates of 4.100% to 5.225% through July 15, 2019

\$ 5,930,000

Total General Obligation Bonds

\$ 5,930,000

Literary Fund Loans:

\$7,500,000 Literary Loan interest at 3%, not yet fully drawn down

\$ 7,118,661

Limited Obligation Note Payable:

\$6,000,000 limited obligation note payable issued January 16, 2004, interest payable monthly through January 16, 2006 at 1.98% per annum. Principal due January 16, 2006.

\$ 6,000,000

Total incurred by School Board

\$ 19,048,661

Total General Obligations, Primary Government

\$ 22,532,167

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 7—Long-Term Obligations: (Continued)

Component Unit-School Board

	Amounts Payable at July 1, 2003	Increases	Decreases	Amounts Payable at June 30, 2004	Amounts Due Within One Year
Component Unit-School Board:					
Early retirement incentive	\$ 1,259,368	\$ -	\$ 24,976	\$ 1,234,392	\$ 26,974
Capital leases	120,411	-	120,411	-	-
Compensated absences	467,526	-	60,231	407,295	40,730
Total Component Unit-School Board	\$ 1,847,305	\$ -	\$ 205,618	\$ 1,641,687	\$ 67,704

Year Ending June 30	VRS Retirement Liability	
	Principal	Interest
2005	\$ 26,974	\$ 98,752
2006	29,132	96,594
2007	31,463	94,263
2008	33,980	91,746
2009	36,698	89,028
2010	39,634	86,092
2011	42,804	82,922
2012	46,229	79,497
2013	49,928	75,798
2014	53,921	71,805
2015	58,236	67,490
2016	62,894	62,832
2017	67,925	57,801
2018	73,360	52,366
2019	79,228	46,498
2020	85,567	40,159
2021	92,412	33,314
2022	99,805	25,921
2023	107,789	17,937
2024	116,413	9,313
Total	\$ 1,234,392	\$ 1,280,128

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 7—Long-Term Obligations: (Continued)

Capital Lease Obligations:

Early Retirement Incentive	\$ <u>1,234,392</u>
Compensated absence liability (Payable from the School Fund)	\$ <u>407,295</u>
Total General obligations, Component Unit - School Board	\$ <u>1,641,687</u>

Note 8—Closure and Post-closure Costs:

The County closed its two landfills and is liable for post-closure monitoring for a period of thirty years. In conjunction with the closing of the landfill, and environmental engineering firm was engaged to devise a closure plan in accordance with Federal and State Regulations. The \$2,176,365 reported as landfill closure and post-closure liability at June 30, 2004, represents the estimated liability for post-closure monitoring, over the remaining twenty-six years. These amounts are based on what it would cost to perform all closure and post-closure care in 2004. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Note 9—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$337,096 is comprised of the following:

Deferred Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$331,498 at June 30, 2004.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2004 but paid in advance by the taxpayers totaled \$5,598 at June 30, 2004.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 10—Contingent Liabilities:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

The County has the following construction contracts outstanding:

<u>Project</u>	<u>Contractor</u>	<u>Contract</u>	<u>Amount Remaining</u>
Middle School	Blue Ridge	\$ 8,925,726	\$ 4,327,009

Note 11—Litigation:

At June 30, 2004, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 12—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the Virginia Municipal Group Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of losses. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 13 – Defined Benefit Pension Plan:

Primary Government:

A. Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years of service for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be obtained by downloading from their website at <http://www.varetire.org/pdf/2003AnnuRept.pdf> or writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their reported compensation to the VRS. This 5% member contribution may be assumed by the employer. In addition, the County and School Board are required to contribute the remaining amounts necessary to fund participation in the VRS using the actuarial basis specified by the statute and approved by the VRS Board of Trustees. The County and School Board non-professional employees' contribution rates for the fiscal year ended 2004 were 1% and 5% of annual covered payroll, respectively.

The School Board's professional employees contributed \$248,150, \$240,105, and \$236,023 to the teacher cost-sharing pool for the fiscal years ended June 30, 2004, 2003, and 2002 respectively. The County's current rate is 3.77% of annual covered payroll.

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 13 – Defined Benefit Pension Plan (Continued):

Primary Government: (continued)

C. Annual Pension Cost

For fiscal 2004, the County's annual pension cost of \$35,394 was equal to the County's required and actuarial contributions. The required contributions were determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method.

For fiscal 2004, the County School Board's annual pension cost for the Board's non-professional employees was \$52,143 which was equal to the Board's required and actuarial contributions. The required contributions were determined as a part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method.

	<u>County</u>	<u>Non-Professional School Board Employees</u>
Valuation date	June 30, 2001	June 30, 2001
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, open	Level percent, open
Payroll growth rate	3%	3%
Remaining amortization period	18 years	2 years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return ¹	8.00%	8.00%
Projected salary increases: ¹		
Non LEO Employees	4.25% to 6.10%	4.25% to 6.10%
LEO Employees	4.50% to 5.75%	4.50% to 5.75%
Cost-of-living adjustments	3.0%	3.0%

¹ Includes inflation at 3%

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 13 —Defined Benefit Pension Plan: (Continued)

Primary Government: (continued)

C. Annual Pension Cost: (continued)

<u>Fiscal Year Ending</u>		<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>		<u>Net Pension Obligation</u>
County:					
June 30, 2004	\$	35,394	100%	\$	-
June 30, 2003		34,219	100%		-
June 30, 2002		16,478	100%		-
School Board:					
Non-Professional:					
June 30, 2004	\$	52,143	100%	\$	-
June 30, 2003		44,304	100%		-
June 30, 2002		58,729	100%		-

(1) Employer portion only

Required Supplementary Information

Schedule of Funding Progress

<u>Valuation Date</u>		<u>Actuarial Value of Assets (AVA)</u>		<u>Actuarial Accrued Liability (AAL)</u>		<u>Unfunded (Excess Funded) Actuarial Accrued Liability</u>	<u>Funded Ratio (2) (3)</u>		<u>Annual Covered Payroll</u>	<u>UAAL as % of Payroll (4) (6)</u>
County:										
6/30/2003	\$	10,545,855	\$	9,878,468	\$	(667,387)	106.76%	\$	3,404,797	-19.60%
6/30/2002		10,287,988		8,669,632		(1,618,356)	118.67%		3,316,216	-48.80%
6/30/2001		9,824,180		7,975,207		(1,848,973)	123.18%		3,220,002	-57.42%
6/30/2000		8,815,215		7,078,174		(1,737,041)	124.54%		2,948,129	-58.92%
School Board Non-Professionals:										
6/30/2003	\$	1,178,624	\$	1,185,649	\$	7,025	99.41%	\$	858,007	0.82%
6/30/2002		1,051,831		1,171,777		119,946	89.76%		901,610	13.30%
6/30/2001		917,180		905,960		(11,220)	101.24%		783,545	-1.43%
6/30/2000		759,108		871,798		112,690	87.07%		780,316	14.44%

COUNTY OF SUSSEX, VIRGINIA

Notes to Financial Statements
As of June 30, 2004 (Continued)

Note 14 – Surety Bonds:

	<u>Amount</u>
Division of Risk Management Surety Bond:	
Commonwealth Funds	
Gary M. Williams, Clerk of the Circuit Court	\$ 210,000
Onnie L. Woodruff, Treasurer	400,000
Ellen G. Boone, Commissioner of the Revenue	20,000
E. S. Kitchen, Jr., Sheriff	30,000
Continental Insurance Company-Surety:	
Dr. Charles H. Harris, III, Superintendent of Schools and Clerk of the Board	10,000
All County, Social Service and School Board Employees	100,000

Note 15 – Jointly Governed Organizations:

District 19 Community Services Board

The District 19 Community Services Board is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The governing body of this organization is appointed by the participating jurisdictions which include the cities of Colonial Heights, Emporia, Hopewell, Petersburg, and the Counties of Dinwiddie, Greensville, Surry, and Sussex. The governing board has the ability to execute contracts and to budget and expend funds. No one locality contributes more than 50% of the Board's funding or has oversight responsibility over its operations. Sussex County contributed \$52,394 to the District 19 Community Services Board for the fiscal year ended June 30, 2004.

THIS PAGE LEFT BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America

THIS PAGE LEFT BLANK INTENTIONALLY

**COMBINING AND INDIVIDUAL FUNDS
STATEMENTS AND SCHEDULES**

THIS PAGE LEFT BLANK INTENTIONALLY

County of Sussex, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 6,301,766	\$ 6,301,766	\$ 5,951,838	\$ (349,928)
Other local taxes	810,778	810,778	837,287	26,509
Permits, privilege fees, and regulatory licenses	44,650	44,650	53,016	8,366
Fines and forfeitures	280,000	280,000	411,681	131,681
Revenue from the use of money and property	137,700	137,700	77,212	(60,488)
Charges for services	5,275,062	5,275,062	8,210,133	2,935,071
Miscellaneous	87,215	87,215	43,430	(43,785)
Recovered costs	176,165	176,165	252,281	76,116
Intergovernmental revenues:				
Commonwealth	3,895,827	3,895,827	3,956,997	61,170
Federal	962,274	962,274	1,312,974	350,700
Total revenues	<u>\$ 17,971,437</u>	<u>\$ 17,971,437</u>	<u>\$ 21,106,849</u>	<u>\$ 3,135,412</u>
EXPENDITURES				
Current:				
General government administration	\$ 1,282,227	\$ 1,480,688	\$ 1,315,792	\$ 164,896
Judicial administration	563,241	569,936	428,895	141,041
Public safety	3,347,184	3,496,443	3,184,483	311,960
Public works	593,788	743,374	728,143	15,231
Health and welfare	2,042,979	2,183,775	2,168,683	15,092
Education	7,518,197	7,814,191	7,351,523	462,668
Parks, recreation, and cultural	124,684	132,779	132,779	-
Community development	776,676	1,066,275	959,892	106,383
Total expenditures	<u>\$ 16,248,976</u>	<u>\$ 17,487,461</u>	<u>\$ 16,270,190</u>	<u>\$ 1,217,271</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,722,461</u>	<u>\$ 483,976</u>	<u>\$ 4,836,659</u>	<u>\$ 4,352,683</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (1,747,161)	\$ (4,489,567)	\$ (4,489,567)	\$ -
Total other financing sources and uses	<u>\$ (1,747,161)</u>	<u>\$ (4,489,567)</u>	<u>\$ (4,489,567)</u>	<u>\$ -</u>
Net change in fund balances	\$ (24,700)	\$ (4,005,591)	\$ 347,092	\$ 4,352,683
Fund balances - beginning	25,200	4,005,591	4,799,064	793,473
Fund balances - ending	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 5,146,156</u>	<u>\$ 5,146,156</u>

THIS PAGE LEFT BLANK INTENTIONALLY

OTHER SUPPLEMENTARY INFORMATION

THIS PAGE LEFT BLANK INTENTIONALLY

**COMBINING AND INDIVIDUAL FUNDS
STATEMENTS AND SCHEDULES**

THIS PAGE LEFT BLANK INTENTIONALLY

County of Sussex, Virginia
County Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 55,000	\$ 55,000	\$ 40,416	\$ (14,584)
Charges for services	27,000	27,000	34,360	7,360
Total revenues	<u>\$ 82,000</u>	<u>\$ 82,000</u>	<u>\$ 74,776</u>	<u>\$ (7,224)</u>
EXPENDITURES				
Current:				
Capital projects	\$ 440,000	\$ 5,512,103	\$ 5,236,382	\$ 275,721
Debt service:				
Principal retirement	860,000	860,000	860,000	-
Interest and other fiscal charges	969,161	969,161	411,281	557,880
Total expenditures	<u>\$ 2,269,161</u>	<u>\$ 7,341,264</u>	<u>\$ 6,507,663</u>	<u>\$ 833,601</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,187,161)</u>	<u>\$ (7,259,264)</u>	<u>\$ (6,432,887)</u>	<u>\$ 826,377</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,747,161	\$ 4,489,567	\$ 4,489,567	\$ -
Proceeds of literary loans	-	-	943,588	943,588
Proceeds of limited obligation notes	-	-	6,000,000	6,000,000
Total other financing sources and uses	<u>\$ 1,747,161</u>	<u>\$ 4,489,567</u>	<u>\$ 11,433,155</u>	<u>\$ 6,943,588</u>
Net change in fund balances	\$ (440,000)	\$ (2,769,697)	\$ 5,000,268	\$ 7,769,965
Fund balances - beginning	440,000	2,769,697	4,045,692	1,275,995
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,045,960</u>	<u>\$ 9,045,960</u>

County of Sussex, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund
For the Year Ended June 30, 2004

	County Special Revenue Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	\$ 126,000	\$ 126,000	\$ 129,127	\$ 3,127
Revenue from the use of money and property	4,760	4,760	3,918	(842)
Charges for services	1,300	1,300	1,205	(95)
Miscellaneous	1,000	1,000	549	(451)
Intergovernmental revenues:				
Commonwealth	30,000	30,000	85,335	55,335
Total revenues	<u>\$ 163,060</u>	<u>\$ 163,060</u>	<u>\$ 220,134</u>	<u>\$ 57,074</u>
EXPENDITURES				
Current:				
Judicial administration	\$ 3,000	\$ 3,000	\$ 1,950	\$ 1,050
Public safety	175,469	273,735	274,310	(575)
Total expenditures	<u>\$ 178,469</u>	<u>\$ 276,735</u>	<u>\$ 276,260</u>	<u>\$ 475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (15,409)</u>	<u>\$ (113,675)</u>	<u>\$ (56,126)</u>	<u>\$ 57,549</u>
Net change in fund balances	\$ (15,409)	\$ (113,675)	\$ (56,126)	\$ 57,549
Fund balances - beginning	15,409	113,675	526,544	412,869
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 470,418</u>	<u>\$ 470,418</u>

County of Sussex, Virginia
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Agency Funds			Private Purpose Trust Funds					
	Special Welfare	Sheriff Information	Jail Inmate	Total	Robert Mitchell Scholarship	Rotary Scholarship	Richard Clements Moore III Scholarship	Millard Stith Family Scholarship	Total
ASSETS									
Cash and cash equivalents	\$ 6,273	\$ 1,493	\$ 1,298	\$ 9,064	\$ 29,460	\$ 8,233	\$ 10,088	\$ 8,979	\$ 56,760
Total assets	\$ 6,273	\$ 1,493	\$ 1,298	\$ 9,064	\$ 29,460	\$ 8,233	\$ 10,088	\$ 8,979	\$ 56,760
LIABILITIES									
Amounts held for social services clients	\$ 6,273	\$ -	\$ -	\$ 6,273	\$ -	\$ -	\$ -	\$ -	\$ -
Amounts held for others	-	1,493	-	1,493	-	-	-	-	-
Amounts held for inmates	-	-	1,298	1,298	-	-	-	-	-
Total liabilities	\$ 6,273	\$ 1,493	\$ 1,298	\$ 9,064	\$ -	\$ -	\$ -	\$ -	\$ -
NET ASSETS									
Amounts held in trust for scholarships	\$ -	\$ -	\$ -	\$ -	\$ 29,460	\$ 8,233	\$ 10,088	\$ 8,979	\$ 56,760
Total net assets	\$ -	\$ -	\$ -	\$ -	\$ 29,460	\$ 8,233	\$ 10,088	\$ 8,979	\$ 56,760
Total liabilities and net assets	\$ 6,273	\$ 1,493	\$ 1,298	\$ 9,064	\$ 29,460	\$ 8,233	\$ 10,088	\$ 8,979	\$ 56,760

THIS PAGE LEFT BLANK INTENTIONALLY

**DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD**

THIS PAGE LEFT BLANK INTENTIONALLY

County of Sussex, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2004

	School Operating Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 710,581	\$ 113,136	\$ 823,717
Due from other governmental units	282,984	-	282,984
Total assets	<u>\$ 993,565</u>	<u>\$ 113,136</u>	<u>\$ 1,106,701</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 36,513	\$ -	\$ 36,513
Accrued liabilities	693,775	36,154	729,929
Due to other governmental units	263,277	-	263,277
Total liabilities	<u>\$ 993,565</u>	<u>\$ 36,154</u>	<u>\$ 1,029,719</u>
Fund balances:			
Unreserved:			
Undesignated	\$ -	\$ 76,982	\$ 76,982
Total fund balances	<u>\$ -</u>	<u>\$ 76,982</u>	<u>\$ 76,982</u>
Total liabilities and fund balances	<u>\$ 993,565</u>	<u>\$ 113,136</u>	<u>\$ 1,106,701</u>

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Total fund balances per above	\$ 76,982
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,501,387
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,641,687)
Net assets of governmental activities	<u>\$ 2,936,682</u>

County of Sussex, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2004

	<u>School Operating Fund</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Revenue from the use of money and property	\$ 4,625	\$ 752	\$ 5,377
Charges for services	-	304,586	304,586
Miscellaneous	175,757	1,265	177,022
Intergovernmental revenues:			
Local government	7,281,634	-	7,281,634
Commonwealth	6,549,335	7,705	6,557,040
Federal	810,762	407,512	1,218,274
Total revenues	<u>\$ 14,822,113</u>	<u>\$ 721,820</u>	<u>\$ 15,543,933</u>
EXPENDITURES			
Current:			
Education	\$ 13,735,271	\$ 761,675	\$ 14,496,946
Capital projects	794,725	-	794,725
Debt service:			
Principal retirement	145,387	-	145,387
Interest and other fiscal charges	115,230	-	115,230
Total expenditures	<u>\$ 14,790,613</u>	<u>\$ 761,675</u>	<u>\$ 15,552,288</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 31,500</u>	<u>\$ (39,855)</u>	<u>\$ (8,355)</u>
Net change in fund balances	\$ -	\$ (8,355)	\$ (8,355)
Fund balances - beginning	-	85,337	85,337
Fund balances - ending	<u>\$ -</u>	<u>\$ 76,982</u>	<u>\$ 76,982</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ (8,355)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. (1,803,329)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 145,387

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. 67,039

Change in net assets of governmental activities \$ (1,599,258)

County of Sussex, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2004

	School Operating Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 4,625	\$ 4,625
Miscellaneous	71,887	71,887	175,757	103,870
Intergovernmental revenues:				
Local government	7,448,308	7,744,302	7,281,634	(462,668)
Commonwealth	6,525,982	6,525,982	6,549,335	23,353
Federal	689,539	711,539	810,762	99,223
Total revenues	\$ 14,735,716	\$ 15,053,710	\$ 14,822,113	\$ (231,597)
EXPENDITURES				
Current:				
Education	\$ 13,997,305	\$ 14,007,364	\$ 13,735,271	\$ 272,093
Capital projects	477,794	838,597	794,725	43,872
Debt service:				
Principal retirement	145,387	145,387	145,387	-
Interest and other fiscal charges	115,230	115,230	115,230	-
Total expenditures	\$ 14,735,716	\$ 15,106,578	\$ 14,790,613	\$ 315,965
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (52,868)	\$ 31,500	\$ 84,368
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (31,500)	\$ (31,500)	\$ -
Total other financing sources and uses	\$ -	\$ (31,500)	\$ (31,500)	\$ -
Net change in fund balances	\$ -	\$ (84,368)	\$ -	\$ 84,368
Fund balances - beginning	-	84,368	-	(84,368)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

County of Sussex, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2004

	School Special Revenue Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 752	\$ 752
Charges for services	251,967	251,967	304,586	52,619
Miscellaneous	-	-	1,265	1,265
Intergovernmental revenues:				
Commonwealth	8,033	8,033	7,705	(328)
Federal	400,000	400,000	407,512	7,512
Total revenues	\$ 660,000	\$ 660,000	\$ 721,820	\$ 61,820
EXPENDITURES				
Current:				
Education	\$ 660,000	\$ 759,686	\$ 761,675	\$ (1,989)
Total expenditures	\$ 660,000	\$ 759,686	\$ 761,675	\$ (1,989)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (99,686)	\$ (39,855)	\$ 59,831
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 31,500	\$ 31,500	\$ -
Total other financing sources and uses	\$ -	\$ 31,500	\$ 31,500	\$ -
Net change in fund balances	\$ -	\$ (68,186)	\$ (8,355)	\$ 59,831
Fund balances - beginning	-	68,186	85,337	17,151
Fund balances - ending	\$ -	\$ -	\$ 76,982	\$ 76,982

SUPPORTING SCHEDULES

THIS PAGE LEFT BLANK INTENTIONALLY

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 1
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 2,890,000	\$ 2,890,000	\$ 2,921,917	\$ 31,917
Real and personal public service corporation taxes	399,743	399,743	412,036	12,293
Personal property taxes	1,413,736	1,413,736	1,368,017	(45,719)
Mobile home taxes	81,260	81,260	79,795	(1,465)
Machinery and tools taxes	1,314,700	1,314,700	989,780	(324,920)
Merchants capital taxes	64,127	64,127	57,060	(7,067)
Penalties	119,200	119,200	111,394	(7,806)
Interest	19,000	19,000	11,839	(7,161)
Total general property taxes	<u>\$ 6,301,766</u>	<u>\$ 6,301,766</u>	<u>\$ 5,951,838</u>	<u>\$ (349,928)</u>
Other local taxes:				
Local sales and use taxes	\$ 425,548	\$ 425,548	\$ 434,344	\$ 8,796
Consumers' utility taxes	160,000	160,000	148,214	(11,786)
Consumption tax	-	-	47,843	47,843
Cable franchise taxes	1,050	1,050	1,071	21
Business license taxes	52,180	52,180	180	(52,000)
Motor vehicle licenses	170,000	170,000	163,261	(6,739)
Bank stock taxes	2,000	2,000	-	(2,000)
Taxes on recordation and wills	-	-	42,374	42,374
Total other local taxes	<u>\$ 810,778</u>	<u>\$ 810,778</u>	<u>\$ 837,287</u>	<u>\$ 26,509</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,500	\$ 5,500	\$ 4,880	\$ (620)
Transfer fees	450	450	436	(14)
Permits and other licenses	38,700	38,700	47,700	9,000
Total permits, privilege fees, and regulatory licenses	<u>\$ 44,650</u>	<u>\$ 44,650</u>	<u>\$ 53,016</u>	<u>\$ 8,366</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 280,000	\$ 280,000	\$ 411,681	\$ 131,681
Total fines and forfeitures	<u>\$ 280,000</u>	<u>\$ 280,000</u>	<u>\$ 411,681</u>	<u>\$ 131,681</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 70,200	\$ 70,200	\$ 51,607	\$ (18,593)
Revenue from use of property	67,500	67,500	25,605	(41,895)
Total revenue from use of money and property	<u>\$ 137,700</u>	<u>\$ 137,700</u>	<u>\$ 77,212</u>	<u>\$ (60,488)</u>
Charges for services:				
Sheriff fees	\$ 865	\$ 865	\$ 665	\$ (200)
Charges for clerk's fees	-	-	9,993	9,993
Charges for Commonwealth's Attorney	440	440	369	(71)
Courthouse security fees	60,000	60,000	84,374	24,374
Charges for correction and detention	30,900	30,900	22,097	(8,803)
Charges for other protection	100	100	740	640
Charges for sanitation and waste removal:				
Tipping fees	5,000,000	5,000,000	7,857,823	2,857,823
Quality control fees	182,257	182,257	209,072	26,815
Charges for community development	500	500	25,000	24,500
Total charges for services	<u>\$ 5,275,062</u>	<u>\$ 5,275,062</u>	<u>\$ 8,210,133</u>	<u>\$ 2,935,071</u>

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 1
Page 2 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 87,215	\$ 87,215	\$ 43,430	\$ (43,785)
Recovered costs:				
Wakefield sheriff patrol	\$ 43,865	\$ 43,865	\$ 25,072	\$ (18,793)
Local health department	-	-	10,935	10,935
Jail clean up	52,000	52,000	18,465	(33,535)
Medical expense-sheriff	12,000	12,000	6,063	(5,937)
Clerk of the circuit court	3,900	3,900	4,161	261
Social security bounty	900	900	800	(100)
Indoor plumbing	15,000	15,000	11,772	(3,228)
School construction - Middle School	-	-	80,000	80,000
VHDA	42,000	42,000	53,064	11,064
School resource officer	-	-	39,819	39,819
Jurors and witnesses	6,500	6,500	2,130	(4,370)
Total recovered costs	\$ 176,165	\$ 176,165	\$ 252,281	\$ 76,116
Total revenue from local sources	\$ 13,113,336	\$ 13,113,336	\$ 15,836,878	\$ 2,723,542
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 5,150	\$ 5,150	\$ 13,396	\$ 8,246
Wine taxes	5,398	5,398	8,303	2,905
Rolling stock tax	69,000	69,000	66,988	(2,012)
Mobile home titling tax	20,000	20,000	20,033	33
Motor vehicle rental tax	100	100	242	142
State recordation tax	59,670	59,670	37,822	(21,848)
Personal property tax relief funds	1,131,616	1,131,616	1,095,021	(36,595)
Total noncategorical aid	\$ 1,290,934	\$ 1,290,934	\$ 1,241,805	\$ (49,129)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 192,616	\$ 192,616	\$ 191,520	\$ (1,096)
Sheriff	1,138,766	1,138,766	1,124,401	(14,365)
Commissioner of revenue	69,061	69,061	68,877	(184)
Treasurer	81,447	81,447	81,779	332
Medical examiner	250	250	120	(130)
Registrar/electoral board	40,000	40,000	24,499	(15,501)
Local jails	138,000	138,000	129,813	(8,187)
Total shared expenses	\$ 1,660,140	\$ 1,660,140	\$ 1,621,009	\$ (39,131)
Other categorical aid:				
Public assistance and welfare administration	\$ 331,253	\$ 331,253	\$ 361,894	\$ 30,641
Fire programs fund	12,000	12,000	13,107	1,107
Art grant	5,000	5,000	5,000	-
Abstinence education	-	-	38,000	38,000
Comprehensive services act	190,750	190,750	166,038	(24,712)
Indoor plumbing	112,750	112,750	173,986	61,236
Emergency medical services	-	-	4,496	4,496
Forfeited assets	-	-	1,554	1,554
Clerk's records grant	-	-	890	890
Victim-witness grant	50,000	50,000	51,488	1,488
Other state grants	-	-	1,200	1,200
Litter control	-	-	4,495	4,495
Disaster assistance	-	-	30,262	30,262

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 1
Page 3 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the Commonwealth: (continued)				
Categorical aid: (continued)				
Payment in lieu of taxes-prison	\$ 243,000	\$ 243,000	\$ 241,773	\$ (1,227)
Total other categorical aid	\$ 944,753	\$ 944,753	\$ 1,094,183	\$ 149,430
Total categorical aid	\$ 2,604,893	\$ 2,604,893	\$ 2,715,192	\$ 110,299
Total revenue from the Commonwealth	\$ 3,895,827	\$ 3,895,827	\$ 3,956,997	\$ 61,170
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 932,274	\$ 932,274	\$ 1,018,510	\$ 86,236
Community development block grant	-	-	55,425	55,425
Emergency food and shelter	-	-	8,712	8,712
School resource officer	30,000	30,000	24,198	(5,802)
Homeland security	-	-	103,816	103,816
Disaster assistance	-	-	102,313	102,313
Total categorical aid	\$ 962,274	\$ 962,274	\$ 1,312,974	\$ 350,700
Total revenue from the federal government	\$ 962,274	\$ 962,274	\$ 1,312,974	\$ 350,700
Total General Fund	\$ 17,971,437	\$ 17,971,437	\$ 21,106,849	\$ 3,135,412
Special Revenue Fund:				
County Special Revenue Fund				
Revenue from local sources:				
Other local taxes:				
E-911 taxes	\$ 126,000	\$ 126,000	\$ 129,127	\$ 3,127
Total other local taxes	\$ 126,000	\$ 126,000	\$ 129,127	\$ 3,127
Revenue from use of money and property:				
Revenue from the use of money	\$ 4,760	\$ 4,760	\$ 3,918	\$ (842)
Total revenue from use of money and property	\$ 4,760	\$ 4,760	\$ 3,918	\$ (842)
Charges for services:				
Law library fees	\$ 1,300	\$ 1,300	\$ 1,205	\$ (95)
Total charges for services	\$ 1,300	\$ 1,300	\$ 1,205	\$ (95)
Miscellaneous revenue:				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 549	\$ (451)
Total miscellaneous revenue	\$ 1,000	\$ 1,000	\$ 549	\$ (451)
Total revenue from local sources	\$ 133,060	\$ 133,060	\$ 134,799	\$ 1,739
Revenue from the Commonwealth:				
Categorical aid:				
Wireless grant	\$ 30,000	\$ 30,000	\$ 85,335	\$ 55,335
Total categorical aid	\$ 30,000	\$ 30,000	\$ 85,335	\$ 55,335
Total revenue from the Commonwealth	\$ 30,000	\$ 30,000	\$ 85,335	\$ 55,335
Total County Special Revenue Fund	\$ 163,060	\$ 163,060	\$ 220,134	\$ 57,074

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 1
Page 4 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Capital Projects Fund:				
County Capital Projects Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 55,000	\$ 55,000	\$ 40,416	\$ (14,584)
Charges for services:				
Courthouse maintenance fees	\$ 27,000	\$ 27,000	\$ 34,360	\$ 7,360
Total charges for services	\$ 27,000	\$ 27,000	\$ 34,360	\$ 7,360
Total revenue from local sources	\$ 82,000	\$ 82,000	\$ 74,776	\$ (7,224)
Total County Capital Projects Fund	\$ 82,000	\$ 82,000	\$ 74,776	\$ (7,224)
Total Primary Government	\$ 18,216,497	\$ 18,216,497	\$ 21,401,759	\$ 3,185,262
Discretely Presented Component Unit - School Board:				
School Operating Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ -	\$ -	\$ 4,625	\$ 4,625
Total revenue from use of money and property	\$ -	\$ -	\$ 4,625	\$ 4,625
Miscellaneous revenue:				
Miscellaneous	\$ 71,887	\$ 71,887	\$ 175,757	\$ 103,870
Total revenue from local sources	\$ 71,887	\$ 71,887	\$ 180,382	\$ 108,495
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from County of Sussex	\$ 7,448,308	\$ 7,744,302	\$ 7,281,634	\$ (462,668)
Total revenues from local governments	\$ 7,448,308	\$ 7,744,302	\$ 7,281,634	\$ (462,668)

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 1
Page 5 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (continued)				
School Operating Fund (continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 850,474	\$ 850,474	\$ 883,370	\$ 32,896
Basic school aid	3,436,194	3,436,194	3,463,239	27,045
Remedial summer education	100,000	100,000	62,595	(37,405)
Regular foster care	3,855	3,855	-	(3,855)
GED funding	-	-	7,859	7,859
Gifted and talented	33,703	33,703	34,077	374
Remedial education	108,599	108,599	109,803	1,204
Special education	438,141	438,141	445,579	7,438
Textbook payment	70,552	70,552	71,334	782
Vocational education	78,122	78,122	79,252	1,130
School fringes	281,163	281,163	283,972	2,809
Mentor teacher program	-	-	3,325	3,325
State lottery payments	209,924	209,924	212,269	2,345
Early reading intervention	15,421	15,421	25,702	10,281
Student achievement	-	-	45,998	45,998
School construction	120,438	120,438	120,615	177
Homebound	5,390	5,390	-	(5,390)
English as a second language	-	-	6,151	6,151
Enrollment loss	55,726	55,726	48,689	(7,037)
At risk payments	205,027	205,027	207,387	2,360
Salary supplement	42,129	42,129	42,596	467
Standards of Learning algebra readiness	-	-	22,842	22,842
Primary class size	150,272	150,272	144,281	(5,991)
Educational technology	180,000	180,000	180,000	-
Standards of Learning reimbursement	50,464	50,464	48,400	(2,064)
Other state funds	90,388	90,388	-	(90,388)
Total categorical aid	\$ 6,525,982	\$ 6,525,982	\$ 6,549,335	\$ 23,353
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 511,539	\$ 533,539	\$ 366,215	\$ (167,324)
Title VI-B, special education flow-through	108,000	108,000	210,512	102,512
Vocational education	40,000	40,000	5,863	(34,137)
Title VI-B, special education pre-school	-	-	10,596	10,596
Drug free schools	-	-	9,470	9,470
Title VI	-	-	2,377	2,377
Teacher quality	-	-	142,015	142,015
Literacy challenge	-	-	13,343	13,343
Reading excellence grant	-	-	21,548	21,548
Rural education	-	-	28,823	28,823
Other federal funds	30,000	30,000	-	(30,000)
Total categorical aid	\$ 689,539	\$ 711,539	\$ 810,762	\$ 99,223
Total School Operating Fund	\$ 14,735,716	\$ 15,053,710	\$ 14,822,113	\$ (231,597)

County of Sussex, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 1
Page 6 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (continued)				
School Special Revenue Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 752	\$ 752
Total revenue from use of money and property	\$ -	\$ -	\$ 752	\$ 752
Charges for services:				
Cafeteria sales	\$ 251,967	\$ 251,967	\$ 304,586	\$ 52,619
Total charges for services	\$ 251,967	\$ 251,967	\$ 304,586	\$ 52,619
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ -	\$ 1,265	\$ 1,265
Total miscellaneous revenue	\$ -	\$ -	\$ 1,265	\$ 1,265
Total revenue from local sources	\$ 251,967	\$ 251,967	\$ 306,603	\$ 54,636
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program	\$ 8,033	\$ 8,033	\$ 7,705	\$ (328)
Total categorical aid	\$ 8,033	\$ 8,033	\$ 7,705	\$ (328)
Total revenue from the Commonwealth	\$ 8,033	\$ 8,033	\$ 7,705	\$ (328)
Revenue from the federal government:				
Categorical aid:				
School food program	\$ 350,000	\$ 350,000	\$ 369,570	\$ 19,570
Summer feeding	50,000	50,000	37,942	(12,058)
Total categorical aid	\$ 400,000	\$ 400,000	\$ 407,512	\$ 7,512
Total revenue from the federal government	\$ 400,000	\$ 400,000	\$ 407,512	\$ 7,512
Total School Special Revenue Fund	\$ 660,000	\$ 660,000	\$ 721,820	\$ 61,820
Total Discretely Presented Component Unit - School Board	\$ 15,395,716	\$ 15,713,710	\$ 15,543,933	\$ (169,777)

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 2
Page 1 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 107,111	\$ 232,912	\$ 206,330	\$ 26,582
General and financial administration:				
County administrator	\$ 338,756	\$ 400,074	\$ 395,715	\$ 4,359
Legal services	99,820	99,820	65,273	34,547
Commissioner of revenue	177,332	177,332	158,179	19,153
Independent Auditor	47,500	47,500	27,200	20,300
Treasurer	272,822	273,422	238,530	34,892
Central accounting	26,200	26,200	34,141	(7,941)
Other general and financial administration	57,500	68,242	75,749	(7,507)
Total general and financial administration	\$ 1,019,930	\$ 1,092,590	\$ 994,787	\$ 97,803
Board of elections:				
Electoral board and officials	\$ 155,186	\$ 155,186	\$ 114,675	\$ 40,511
Total general government administration	\$ 1,282,227	\$ 1,480,688	\$ 1,315,792	\$ 164,896
Judicial administration:				
Courts:				
Circuit court	\$ 31,300	\$ 31,300	\$ 19,034	\$ 12,266
General district court	26,500	26,500	9,843	16,657
Special magistrates	10,967	14,341	12,021	2,320
Juvenile and domestic relations court	26,925	30,246	12,307	17,939
Clerk of the circuit court	103,277	103,277	81,853	21,424
Total courts	\$ 198,969	\$ 205,664	\$ 135,058	\$ 70,606
Commonwealth's attorney:				
Commonwealth's attorney	\$ 364,272	\$ 364,272	\$ 293,837	\$ 70,435
Total commonwealth's attorney	\$ 364,272	\$ 364,272	\$ 293,837	\$ 70,435
Total judicial administration	\$ 563,241	\$ 569,936	\$ 428,895	\$ 141,041
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,025,762	\$ 2,067,274	\$ 2,034,491	\$ 32,783
School resource officer grant	72,326	72,326	52,256	20,070
Crater criminal justice academy	7,727	7,727	6,615	1,112
Wakefield sheriff patrol	43,865	43,865	28,891	14,974
Victim Witness	52,620	52,620	53,450	(830)
Total law enforcement and traffic control	\$ 2,202,300	\$ 2,243,812	\$ 2,175,703	\$ 68,109
Fire and rescue services:				
Fire department	\$ 253,500	\$ 253,500	\$ 78,746	\$ 174,754
Ambulance and rescue services	237,000	237,000	234,779	2,221
Forest fire extinction services	12,516	12,516	12,516	-
Total fire and rescue services	\$ 503,016	\$ 503,016	\$ 326,041	\$ 176,975
Correction and detention:				
Confinement and care of prisoners	\$ 318,597	\$ 315,222	\$ 249,809	\$ 65,413
Juvenile probation and detention	70,000	94,522	98,632	(4,110)
Total correction and detention	\$ 388,597	\$ 409,744	\$ 348,441	\$ 61,303

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 2
Page 2 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 96,023	\$ 129,023	\$ 127,403	\$ 1,620
Total inspections	\$ 96,023	\$ 129,023	\$ 127,403	\$ 1,620
Other protection:				
Animal control	\$ 105,106	\$ 106,606	\$ 106,194	\$ 412
Emergency services	51,142	103,242	100,551	2,691
Medical examiner	1,000	1,000	150	850
Total other protection	\$ 157,248	\$ 210,848	\$ 206,895	\$ 3,953
Total public safety	\$ 3,347,184	\$ 3,496,443	\$ 3,184,483	\$ 311,960
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 9,800	\$ 9,812	\$ 9,812	\$ -
Wastewater treatment plant	65,000	65,000	25,210	39,790
Total maintenance of highways, streets, bridges & sidewalks	\$ 74,800	\$ 74,812	\$ 35,022	\$ 39,790
Sanitation and waste removal:				
Refuse disposal	\$ 138,850	\$ 193,974	\$ 201,874	\$ (7,900)
Total sanitation and waste removal	\$ 138,850	\$ 193,974	\$ 201,874	\$ (7,900)
Maintenance of general buildings and grounds:				
General properties	\$ 380,138	\$ 474,588	\$ 491,247	\$ (16,659)
Total maintenance of general buildings and grounds	\$ 380,138	\$ 474,588	\$ 491,247	\$ (16,659)
Total public works	\$ 593,788	\$ 743,374	\$ 728,143	\$ 15,231
Health and welfare:				
Health:				
Supplement of local health department	\$ 150,865	\$ 150,865	\$ 144,565	\$ 6,300
Total health	\$ 150,865	\$ 150,865	\$ 144,565	\$ 6,300
Mental health and mental retardation:				
Chapter X Board	\$ 52,394	\$ 52,394	\$ 52,394	\$ -
Total mental health and mental retardation	\$ 52,394	\$ 52,394	\$ 52,394	\$ -
Welfare:				
Public assistance and welfare administration	\$ 1,584,125	\$ 1,713,991	\$ 1,713,991	\$ -
Area agency on aging	1,585	1,585	1,585	-
Other social services	4,010	4,010	3,897	113
Comprehensive services act	250,000	250,000	241,321	8,679
Abstinence education	-	10,930	10,930	-
Total welfare	\$ 1,839,720	\$ 1,980,516	\$ 1,971,724	\$ 8,792
Total health and welfare	\$ 2,042,979	\$ 2,183,775	\$ 2,168,683	\$ 15,092

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 2
Page 3 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Community Colleges	\$ 1,889	\$ 1,889	\$ 1,889	\$ -
Tri-City literacy council	5,000	5,000	5,000	-
Contribution to headstart and other programs	63,000	63,000	63,000	-
Contribution to County School Board	7,448,308	7,744,302	7,281,634	462,668
Total education	<u>\$ 7,518,197</u>	<u>\$ 7,814,191</u>	<u>\$ 7,351,523</u>	<u>\$ 462,668</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation center	\$ 7,000	\$ 12,095	\$ 12,095	\$ -
Total parks and recreation	<u>\$ 7,000</u>	<u>\$ 12,095</u>	<u>\$ 12,095</u>	<u>\$ -</u>
Cultural enrichment:				
Wakefield foundation	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Carpenter museum	5,000	8,000	8,000	-
Total cultural enrichment	<u>\$ 10,000</u>	<u>\$ 13,000</u>	<u>\$ 13,000</u>	<u>\$ -</u>
Library:				
Contribution to regional library	\$ 107,684	\$ 107,684	\$ 107,684	\$ -
Total library	<u>\$ 107,684</u>	<u>\$ 107,684</u>	<u>\$ 107,684</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 124,684</u>	<u>\$ 132,779</u>	<u>\$ 132,779</u>	<u>\$ -</u>
Community development:				
Planning and community development:				
Planning and zoning	\$ 167,120	\$ 167,120	\$ 156,546	\$ 10,574
Zoning board	2,450	2,450	291	2,159
Industrial development authority	51,350	236,490	235,311	1,179
Planning district commission	10,128	15,191	15,192	(1)
Economic development	27,050	27,050	22,050	5,000
Indoor plumbing	153,150	249,707	210,928	38,779
Water and sewer grant	10,000	10,000	-	10,000
Housing assistance and other	105,414	108,253	108,253	-
Total planning and community development	<u>\$ 526,662</u>	<u>\$ 816,261</u>	<u>\$ 748,571</u>	<u>\$ 67,690</u>
Environmental management:				
Contribution to soil and water conservation district	\$ 9,410	\$ 9,410	\$ 6,410	\$ 3,000
Environmental inspection	182,257	182,257	151,448	30,809
Total environmental management	<u>\$ 191,667</u>	<u>\$ 191,667</u>	<u>\$ 157,858</u>	<u>\$ 33,809</u>
Cooperative extension program:				
Extension office	\$ 58,347	\$ 58,347	\$ 53,463	\$ 4,884
Total cooperative extension program	<u>\$ 58,347</u>	<u>\$ 58,347</u>	<u>\$ 53,463</u>	<u>\$ 4,884</u>
Total community development	<u>\$ 776,676</u>	<u>\$ 1,066,275</u>	<u>\$ 959,892</u>	<u>\$ 106,383</u>
Total General Fund	<u>\$ 16,248,976</u>	<u>\$ 17,487,461</u>	<u>\$ 16,270,190</u>	<u>\$ 1,217,271</u>

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 2
Page 4 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund:				
County Special Revenue Fund:				
Judicial administration:				
Courts:				
Law library	\$ 3,000	\$ 3,000	\$ 1,950	\$ 1,050
Total judicial administration	\$ 3,000	\$ 3,000	\$ 1,950	\$ 1,050
Public Safety:				
Other Protection:				
E911	\$ 175,469	\$ 273,735	\$ 274,310	\$ (575)
Total other protection	\$ 175,469	\$ 273,735	\$ 274,310	\$ (575)
Total public safety	\$ 175,469	\$ 273,735	\$ 274,310	\$ (575)
Total County Special Revenue Fund	\$ 178,469	\$ 276,735	\$ 276,260	\$ 475
County Capital Projects Fund:				
Capital projects expenditures:				
Capital projects	\$ 440,000	\$ 840,339	\$ 269,009	\$ 571,330
Sussex Central High School renovation	-	323,053	229,092	93,961
County schools	-	4,348,711	4,738,281	(389,570)
Total capital projects	\$ 440,000	\$ 5,512,103	\$ 5,236,382	\$ 275,721
Debt service:				
Principal retirement	\$ 860,000	\$ 860,000	\$ 860,000	\$ -
Interest and other fiscal charges	969,161	969,161	411,281	557,880
Total debt service	\$ 1,829,161	\$ 1,829,161	\$ 1,271,281	\$ 557,880
Total County Capital Projects Fund	\$ 2,269,161	\$ 7,341,264	\$ 6,507,663	\$ 833,601
Total Primary Government	\$ 18,696,606	\$ 25,105,460	\$ 23,054,113	\$ 2,051,347
Discretely Presented Component Unit - School Board				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration, health, and attendance	\$ 570,393	\$ 570,393	\$ 561,144	\$ 9,249
Instruction costs	10,684,390	10,694,449	9,867,228	827,221
Pupil transportation	1,210,489	1,210,489	1,617,659	(407,170)
Operation and maintenance of school plant	1,532,033	1,532,033	1,689,240	(157,207)
Total education	\$ 13,997,305	\$ 14,007,364	\$ 13,735,271	\$ 272,093
Capital projects:				
Repair and renovation of school building	\$ 156,832	\$ 156,832	\$ 287,388	\$ (130,556)
School technology projects	320,962	551,209	507,337	43,872
New school building	-	130,556	-	130,556
Total capital projects	\$ 477,794	\$ 838,597	\$ 794,725	\$ 43,872
Debt service:				
Principal retirement	\$ 145,387	\$ 145,387	\$ 145,387	\$ -
Interest and other fiscal charges	115,230	115,230	115,230	-
Total debt service	\$ 260,617	\$ 260,617	\$ 260,617	\$ -
Total School Operating Fund	\$ 14,735,716	\$ 15,106,578	\$ 14,790,613	\$ 315,965

County of Sussex, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2004

Schedule 2
Page 5 of 5

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board				
Special Revenue Funds:				
School Special Revenue Fund				
Education:				
School food services	\$ 660,000	\$ 759,686	\$ 761,675	\$ (1,989)
Total School Special Revenue Fund	<u>\$ 660,000</u>	<u>\$ 759,686</u>	<u>\$ 761,675</u>	<u>\$ (1,989)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 15,395,716</u>	<u>\$ 15,866,264</u>	<u>\$ 15,552,288</u>	<u>\$ 313,976</u>

THIS PAGE LEFT BLANK INTENTIONALLY

STATISTICAL TABLES

THIS PAGE LEFT BLANK INTENTIONALLY

Table 1

County of Sussex, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2003	\$ 1,198,442	\$ 519,786	\$ 3,152,554	\$ 653,973	\$ 2,344,701	\$ 8,810,392	\$ 96,315	\$ 376,762	\$ 389,946	\$ 17,542,871
2004	1,361,340	507,145	3,664,144	1,820,962	2,204,236	5,649,819	144,742	950,838	392,059	16,695,285

(1) Information has only been available for 2 years.

**County of Sussex, Virginia
Government-Wide Revenues
Last Ten Fiscal Years (1)**

(1) Information has only been available for 2 years.

Table 3

County of Sussex, Virginia
General Governmental Expenditures by Function (1,3)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
1995	\$ 880,525	\$ 413,636	\$ 1,726,103	\$ 628,069	\$ 1,354,432	\$ 9,392,777	\$ 67,774	\$ 280,581	\$ 166,408	\$ 14,910,305
1996	967,558	1,543,602	609,146	630,714	1,475,222	10,142,850	70,872	219,798	393,951	16,053,713
1997	999,410	223,898	2,470,454	573,385	1,630,290	10,763,744	73,372	459,109	720,510	17,914,172
1998	842,385	237,714	2,133,921	505,302	1,612,811	10,985,510	82,041	369,145	691,284	17,460,113
1999	817,864	270,534	2,500,284	393,097	1,809,742	11,961,997	82,329	303,116	689,003	18,827,966
2000	957,030	371,764	2,525,773	589,031	1,783,652	13,261,669	88,911	763,384	690,129	21,031,343
2001	871,929	415,965	2,944,794	515,852	1,845,632	13,376,782	112,211	681,730	841,532	21,606,427
2002	994,317	431,833	3,068,499	516,936	2,044,519	13,736,569	107,479	429,534	1,354,681	22,684,367
2003	1,198,431	438,933	3,090,591	578,565	2,299,042	14,791,172	120,977	427,536	1,370,076	24,315,323
2004	1,315,792	430,845	3,458,793	728,143	2,168,683	14,566,835	132,779	959,892	1,531,898	25,293,660

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Units.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

(3) Excludes Capital Projects funds.

Table 4

County of Sussex, Virginia
General Governmental Revenues by Source (1,3)
Last Ten Fiscal Years

Fiscal Year	Revenue from the										Total
	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)		
1995	\$ 4,153,311	\$ 813,609	\$ 39,496	\$ 154,491	\$ 148,660	\$ 3,707,008	\$ 252,138	\$ 322,072	\$ 8,264,960	\$ 17,855,745	
1996	4,278,027	817,764	40,183	171,501	254,465	4,412,657	165,018	447,027	8,578,341	19,164,983	
1997	4,787,425	888,133	41,384	227,220	245,399	3,156,485	170,067	185,120	9,154,555	18,855,788	
1998	5,262,481	880,718	40,842	208,588	274,522	2,952,781	91,963	174,317	9,500,122	19,386,334	
1999	5,609,959	884,390	50,589	220,399	328,724	5,206,929	280,197	202,469	10,415,647	23,199,303	
2000	5,337,214	893,865	46,704	172,973	305,305	1,792,885	182,337	460,200	11,499,325	20,690,808	
2001	5,543,684	952,691	46,065	160,402	281,892	3,702,840	352,242	148,840	12,683,090	23,871,746	
2002	5,420,707	940,683	51,170	212,786	175,684	3,623,018	177,371	153,752	14,022,043	24,777,214	
2003	5,679,322	958,067	47,342	356,083	124,219	4,621,142	237,146	169,707	12,614,800	24,807,828	
2003	5,951,838	966,414	53,016	411,681	86,507	8,515,924	221,001	252,281	13,130,620	29,589,282	

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Units.

(2) Excludes contribution from Primary Government to Discretely Presented Component Unit.

(3) Excludes Capital Projects funds.

Table 5

County of Sussex, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,3)	Current Tax Collections (1,3)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
1995	\$ 4,067,217	\$ 3,972,283	97.67%	\$ 113,827	\$ 4,086,110	100.46%	\$ 260,289	6.40%
1996	4,272,744	4,109,080	96.17%	103,723	4,212,803	98.60%	239,393	5.60%
1997	4,728,576	4,560,642	96.45%	132,342	4,692,984	99.25%	260,006	5.50%
1998	5,238,240	5,050,891	96.42%	120,386	5,171,277	98.72%	248,057	4.74%
1999	5,584,118	5,386,072	96.45%	107,664	5,493,736	98.38%	368,912	6.61%
2000	5,691,184	5,462,550	95.98%	162,311	5,624,861	98.83%	437,248	7.68%
2001	6,176,669	6,030,907	97.64%	136,235	6,167,142	99.85%	378,078	6.12%
2002	6,407,246	6,238,935	97.37%	143,253	6,382,188	99.61%	390,502	6.09%
2003	6,707,970	6,508,747	97.03%	133,612	6,642,359	99.02%	240,963	3.59%
2004	6,946,501	6,758,978	97.30%	164,648	6,923,626	99.67%	302,519	4.35%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

(3) 1999-00 was the first year for personal property tax relief by the Commonwealth of Virginia.

Table 6

County of Sussex, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchants Capital	Public Service(2)			Total
					Real Estate	Personal Property	Property	
1995	\$ 378,294,704	\$ 39,899,452	\$ 11,033,386	\$ 6,574,177	\$ 45,358,444	\$ 445,010	\$	481,605,173
1996	381,008,878	43,498,794	7,569,491	6,561,372	43,405,567	405,071		482,449,173
1997	380,072,877	48,976,201	4,992,659	5,476,854	44,019,220	345,682		483,883,493
1998	379,892,374	52,860,634	10,274,170	5,617,472	44,055,442	411,002		493,111,094
1999	383,338,454	53,903,376	15,518,719	5,234,145	45,557,087	362,278		503,914,059
2000	381,439,198	58,584,106	14,971,013	8,284,597	44,374,336	298,348		507,951,598
2001	444,221,403	60,610,361	13,978,885	7,687,320	55,929,508	282,863		582,710,340
2002	440,959,718	63,808,191	15,630,965	6,512,713	57,788,542	352,945		585,053,074
2003	442,859,108	61,831,023	16,799,605	6,412,725	57,263,547	567,622		585,733,630
2004	446,908,159	65,233,775	20,444,585	5,740,623	57,060,238	675,019		596,062,399

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

**County of Sussex, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years**

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools	Merchants Capital
1995	\$ 0.50	\$ 0.50	\$ 4.75	\$ 4.75	\$ 1.00
1996	0.50	0.50	4.75	4.75	1.00
1997	0.54	0.54	4.75	4.75	1.00
1998	0.54	0.54	4.85	4.85	1.00
1999	0.59	0.59	4.85	4.85	1.00
2000	0.60	0.60	4.85	4.85	1.00
2001	0.60	0.60	4.85	4.85	1.00
2002	0.60	0.60	4.85	4.85	1.00
2003	0.65	0.65	4.85	4.85	1.00
2004	0.65	0.65	4.85	4.85	1.00

(1) Per \$100 of assessed value.

Table 8

County of Sussex, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Debt Assumed by Other Localities			
1995	10,248	\$ 481,605,173	\$ 63,400	-	\$ -	\$ 63,400	0.01%	6
1996	10,248	482,449,173	25,750	-	-	25,750	0.01%	3
1997	10,248	483,883,493	-	-	-	-	0.00%	-
1998	10,248	493,111,094	-	-	-	-	0.00%	-
1999	10,248	503,914,059	7,430,000	-	-	7,430,000	1.47%	725
2000	10,248	507,951,598	7,430,000	-	-	7,430,000	1.46%	725
2001	12,504	582,710,340	7,055,000	-	-	7,055,000	1.21%	564
2002	12,504	585,053,074	12,855,073	-	-	12,855,073	2.20%	1,028
2003	12,504	585,733,630	12,480,073	-	-	12,480,073	2.13%	998
2004	12,504	596,062,399	13,048,861	-	-	13,048,861	2.19%	1,044

(1) Bureau of Census for 1990 and Weldon Cooper Center for Public Service for 2000 Census.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans.
Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

COMPLIANCE

THIS PAGE LEFT BLANK INTENTIONALLY

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**To The Honorable Members of the Board of Supervisors
County of Sussex
Sussex, Virginia**

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Sussex, Virginia, as of and for the year ended June 30, 2004, which collectively comprise the County of Sussex, Virginia's basic financial statements and have issued our report thereon dated December 16, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Sussex, Virginia's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Sussex, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to management of the County of Sussex, Virginia, in a separate letter dated December 16, 2004.

This report is intended solely for the information and use of the Board of Supervisors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Roberson, Farmer, Cox Associates

Richmond, Virginia

December 16, 2004

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

To The Honorable Members of the Board of Supervisors
County of Sussex
Sussex, Virginia

Compliance

We have audited the compliance of the County of Sussex, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the fiscal year ended June 30, 2004. The County of Sussex, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County of Sussex, Virginia's management. Our responsibility is to express an opinion on the County of Sussex, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Sussex, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County of Sussex, Virginia's compliance with those requirements.

In our opinion, the County of Sussex, Virginia, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2004.

Internal Control Over Compliance

The management of the County of Sussex, Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County of Sussex, Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Supervisors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, James, Cox Associates

Richmond, Virginia
December 16, 2004

County of Sussex, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	\$ 8,841
Temporary Assist to Needy Families (TANF)	93.558	177,764
Refugee and Entrant Assistance - Discretionary Grants	93.566	413
Low Income Home Energy Assistance	93.568	10,121
Payments to States for Child Care Assistance	93.575	180,997
Child Care and Development Fund	93.596	35,150
Foster Care - Title IV-E	93.658	99,488
Adoption Assistance	93.659	27,025
Social Services Block Grant	93.667	118,577
Medical Assistance Program (Title XIX)	93.778	149,929
		<hr/>
Total Department Health and Human Services		\$ 808,305
		<hr/>
Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Services:		
State Homeland Security Grant	97.004	\$ 103,816
Disaster Assistance	97.036	102,313
		<hr/>
Total Department of Homeland Security		\$ 206,129
		<hr/>
Department of Agriculture:		
Direct Payments:		
Summer feeding	10.555	\$ 37,942
Emergency food and shelter	10.568	8,712
		<hr/>
Total Department of Agriculture - direct payments		\$ 46,654
		<hr/>
Pass Through Payments:		
Department of Agriculture:		
Food Distribution	10.555	\$ 36,656
Department of Education:		
National school breakfast program	10.553	108,061
National school lunch program	10.555	261,509
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	210,205
		<hr/>
Total Department of Agriculture - pass-through payments		\$ 616,431
		<hr/>
Total Department of Agriculture		\$ 663,085
		<hr/>

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2004

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Service:		
Drug control and system improvement grant	16.579	\$ 24,198
Total Department of Justice		<u>\$ 24,198</u>
Department of Housing and Community Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community Development Block Grant	14.228	\$ 55,425
Department of Education:		
Pass Through Payments:		
Department of Education:		
Rural Education	84.358	\$ 28,823
Title I: Educationally deprived children	84.010	366,215
Title VI-B: Handicapped state grants	84.027	210,512
Vocational Education: Basic grants to states	84.048	5,863
Title VI-B: Handicapped preschool incentive grant	84.173	10,596
Drug free schools and communities	84.186	9,470
Title II, Part A	84.367	142,015
Title VI: Improving school programs state block grant	84.298	2,377
Technology literacy challenge grant	84.318	13,343
Reading excellence grant	84.338	21,548
Total Department of Education		<u>\$ 810,762</u>
Total Federal Assistance		<u><u>\$ 2,567,904</u></u>

County of Sussex, Virginia

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2004

Note 1 - General

The accompanying schedule of expenditures of federal awards presents the activity of all federally assisted programs of the County of Sussex, Virginia. The County's reporting entity is defined in note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in note 1 to the County's basic financial statements.

Note 3 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,312,974
Total primary government	\$ 1,312,974

Component Unit Public Schools:

School Operating Fund	\$ 810,762
School Cafeteria Fund	407,512
Total component unit public schools	\$ 1,218,274

Total federal expenditures per basic financial statements	\$ 2,531,248
---	--------------

Non-cash expenditures - value of donated commodities	\$ 36,656
--	-----------

Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 2,567,904
---	--------------

THIS PAGE LEFT BLANK INTENTIONALLY

County of Sussex, Virginia
Schedule of Findings and Questioned Costs
For the year ended June 30, 2004

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting:

- a. Material weaknesses identified? yes X no
- b. Reportable conditions identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs

- A. Material weaknesses identified? yes X no
- B. Reportable conditions identified that are not considered to be material weaknesses? yes X no

Type of auditors' report issued on compliance for major programs unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	National School Lunch Cluster
84.027/84.173	Title VI-B Cluster
84.010	Title I
93.575/93.596	Child Care and Development Cluster
10.561	Food Stamp Administration

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

THIS PAGE LEFT BLANK INTENTIONALLY